



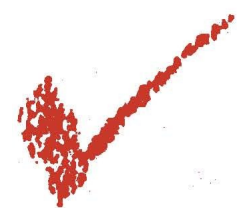
COCONINO COUNTY ARIZONA

BAD CHECK PROGRAM

(928) 679-8218
110 East Cherry Avenue
Flagstaff, Arizona 86001-4627
<http://www.coconino.az.gov/badcheck>

Provided by the Coconino County Attorney's Office
David W. Rozema, Coconino County Attorney

Special tips on how to avoid
bad checks and simple
guidelines for using the Bad
Check Program.





BAD CHECK PROGRAM



1.

To The Residents of Coconino County

Bad checks cause an unnecessary expense for everyone. Merchants, professionals, and many other citizens in Coconino County lose thousands of dollars each year through bad checks. Everyone suffers, especially when merchants are forced to charge higher prices in an attempt to recover their losses. Theft with a pen is less obvious than theft with a weapon, but it is still a crime. In 1984, a state law went into effect granting the County Attorney specific powers to combat the raging problem of bad checks. This law states that any person issuing a bad check may be charged with a misdemeanor (A.R.S. 13-1807).

The Bad Check Program provides the opportunity for most offenders to avoid prosecution by paying full restitution along with a statutory fee. This demonstrates the County Attorney's determination to represent each bad check recipient and secure what is rightfully theirs. If the check writer does not pay the full restitution and the County Attorney has sufficient evidence, criminal charges may be filed against the check writer. If the check writer is a repeat offender, or if an intent to defraud is apparent, the County Attorney can proceed immediately with prosecution.

This guidebook has been prepared to assist merchants and others in minimizing their losses due to bad checks. It explains specific procedures to use when accepting checks which will help reduce the number of bad checks received. Please read this information carefully and follow all of the steps closely. This guidebook supersedes all previous information received from the Bad Check Program.

The objective of the Bad Check Program is to crack down on bad check writing and enforce the bad check law. We are here to help each person who experiences a bad check loss to recover their money. When the procedures described in this guidebook are followed, losses due to bad checks should be reduced.

David W. Rozema
Coconino County Attorney



2.

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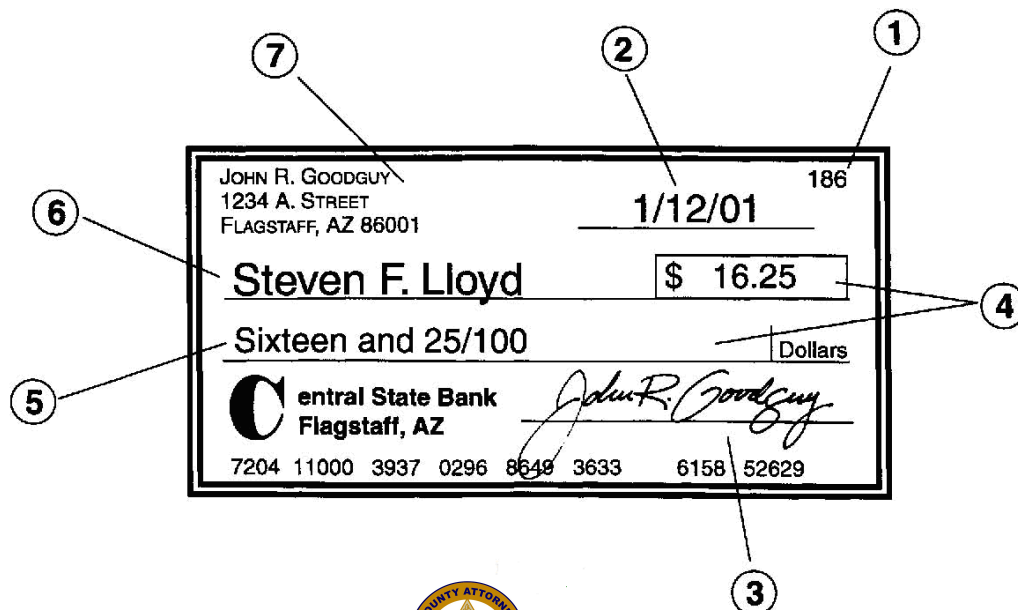
3.

When you receive a check

The first thing you should do when receiving a check is put it through a simple screening process. Try to weed out the bad checks before you accept them. Learn the preventive steps outlined below and teach them to your employees. They will help reduce your losses and increase the chances for full recovery on bad checks.

Look at the check

1. Be suspicious of checks that have a low check number or no printed check number. Nearly 90% of bad checks are drawn on accounts less than one year old. If check numbers are handwritten or lower than 125, exercise caution.
2. Check the date for accuracy. This eliminates the possibility of receiving postdated checks. A check that is postdated may be defensible under the Bad Check statute.
3. Verify that the check is not forged by following the steps pertaining to identification on the next page, under the heading, "Always demand identification."
4. Make sure that the numeric dollar amount matches the written dollar amount. A check for \$16.25 should say in words: "Sixteen and twenty-five / 100 dollars" or "Sixteen and 25/100 dollars."
5. Examine the writing and look for alterations. Check the numerals and the words to see if they appear to be consistent with the other writing. Look for crowding and any contrast in ink color or density. Inconsistencies may indicate an alteration.



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6. Look for changes or additions to the name of the payee. If the color, density or writing of the name appears different, there may have been an alteration. If the check appears to be made payable to two or more payees in the alternative (for example, “AB or CD”), and the second name appears different in color, density or writing, there may have been an alteration.

7. Make sure the check writer does not write his/her Arizona Driver’s License number, or other photo ID number on the check. Ask for the ID card and do it yourself. This protects against a false number being provided. Also, the presence of your handwriting is another way for you to identify the check at a later date, which may be needed for successful prosecution.

Always demand identification

The main purpose of requiring identification is to minimize the chance of receiving a bad check. Also, each form of identification you record on a check is another way for the Bad Check Program to identify the check writer at a later date. For example, the driver’s license number written on each check allows the Bad Check Program to obtain a copy of the license. The duplicate license supplies a photo, handwriting sample and description of the check writer, which is required for successful prosecution.

1. The best form of identification is an Arizona Driver’s License or an Arizona Identification Card. Some bank guarantee cards, or credit cards, have photos and signatures. Such cards are also good forms of identification. **A photo ID card with a signature is your best defense against forgery.**

Compare the name, address and signature on the license with those on the check. Also, be sure to compare the photo on the ID with the person. Check the license for the expiration date. Do not accept checks with expired identification.

2. Use check guarantee cards, but be careful. Reliance on bank guarantee cards, presented with your customer’s personalized checks, can assure payment to you. However, certain conditions and restrictions may apply. In addition, guarantee cards are sometimes stolen. If you use a non-photo guarantee card without requiring a photo ID card you are not protected against the passer of a stolen or forged check. **We strongly recommend the use of a photo ID card; do not rely on guarantee cards.**

Be certain that the ID is a check guarantee and not an Automatic Teller Machine card. In addition, make sure that the card and the check are from the same bank.

3. Secondary identification may also help you identify the check writer. Examples of secondary identification are military ID’s, other ID cards (preferably with a picture) and credit cards with the name matching the one on the driver’s license. Social Security cards are not appropriate identification and should not be accepted as such.

4. Arizona banks have Federal Reserve District numbers of “11” and “12”, so check the first two digits of (1) the nine-digit series at the lower left of the check and (2) the denominator of the fraction at the upper right.





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If the check names an Arizona bank, but the two-digit number is not “11” or “12”, you may have a forged check. (See section on “How to spot forged checks” for more details.)

5. Special magnetic ink is used for automated check sorters. It has a dull finish. Check the numbers on the lower right of the check. If they shine or reflect light, there may be a forgery.
6. You will feel perforation on at least one edge of all legitimate checks (except for government checks printed on computer card stock). Most forgers use a regular paper cutter, leaving all four sides smooth.

Record all information on the front of the check

Information recorded on the back of a check may be obscured by the bank’s stamp.

1. Always record your name, initials or employee ID number as the receiver of the check. The County Attorney’s Office must have a witness to successfully prosecute a criminal case. The witness may be the person who accepted the check. Be certain that the acceptor’s identity and branch location, if applicable, can be determined from the face of the check by the person in your company who is responsible for preparing the paperwork for submission to our office. We must return the check to you if all of the proper identification is not provided.
2. Write the check writer’s driver’s license number and check guarantee card number on the front of the check. Also, verify that the address and telephone number printed or written on the check is correct.
3. Remember to include any other identifying information, such as names, numbers from credit cards, vehicle license plate numbers, etc.

If you still have doubts about a check, don’t accept it

You are not required by law to accept checks. You may lose the sale, but you won’t lose the item. Remember, you can’t determine if a check is good by the appearance of the check writer. Only through the careful examination of each check and the diligent use of the guidelines in this section can you reasonably assume that a check is good. Your knowledge and use of these techniques is your main deterrent to bad check writers.

How to contact the Coconino County Bad Check Program

By Mail or In Person: Bad Check Program
Coconino County Attorney
110 East Cherry Avenue
Flagstaff, Arizona 86001-4627

By Telephone: (928) 679-8218 or (928) 679-8200

By Fax: (928) 679-8201



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What to do with a bad check

Prepare to handle bad checks. If an individual offers to pay you for his/her bad check(s), accept only cash, money orders or cashier's checks. You may also collect a fee for reasonable costs. Do not accept a partial payment from the check writer, and **do not** return the bad check to the check writer until you have received payment in full.

If you are unsuccessful in collecting on the check, promptly submit the needed paperwork to the Coconino County Bad Check Program. Maintain a supply of the two-page form found in the back of this booklet. A separate form must accompany **each check** submitted. Complete the form accurately and fill in all blanks before you mail it to the Bad Check Program. Do not send forms without all of the information; it will slow down the process. Mail the form(s) and **original** check(s) to:

Coconino County Attorney's Office
Bad Check Program
110 East Cherry Avenue
Flagstaff, Arizona 86001-4627

What becomes of the bad check writer

When the Bad Check Program receives a completed packet with check(s), the check writer's name is entered into the computer. Within thirty (30) to sixty (60) days, a Notice of Dishonored Check is mailed to the check writer. This notice allows the check writer seventeen (17) days to respond to the Bad Check Program with the face amount of the check and applicable fees as mandated by Arizona statute. We cannot collect any charges the merchant may assess for returned checks.

For those check writers who do not respond to requests to pay restitution, criminal charges are possible. A check writer who fails to respond risks arrest, possible conviction, time in jail and payment of fines and restitution.

The filing of charges against a check writer depends on whether sufficient evidence exists to charge the person with a criminal offense. Additionally, criminal charges may be declined if:

1. *The cost of prosecution outweighs the benefit.*
2. *Improper or invalid identification was taken from the check writer.*
3. *The Bad Check Program cannot prove criminal intent.*

Sometimes a decision is made to immediately prosecute a check writer. This can happen for a number of reasons including past arrests, previous bad check charges, or strong evidence of intent to defraud. When this





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happens, an investigation is commenced which is an indispensable part of the prosecution process.

Matters not handled by the Bad Check Program

Certain types of checks are not handled by the Bad Check Program. Do not submit such checks to this office. Most checks that fit into the following categories may be pursued in a civil action. You are advised to seek private legal counsel.

- Postdated checks or checks which you agreed to hold for a certain period of time before depositing.
- Stop payment checks.
- Checks for which a partial payment has been accepted.
- Credit card slips or debit card slips. These are not checks.
- Checks dishonored because of an adjustment to the person's account by the credit institution without notice to the person. This is a legal defense in Arizona.
- Checks issued, passed or accepted in another county or state and not introduced into Coconino County by the issuer or passer.
- Checks drawn on a bank located in another state. Process of this state cannot expediently obtain bank records.
- Checks for which the payee has been expressly notified or has reason to believe that the drawer did not have on deposit sufficient funds to ensure payment on presentation. This is a legal defense in Arizona.
- Checks redeemed by a guarantor, i.e., assigned by a payee to the guarantor.
- Checks which the issuer or passer is located in another state because of the legal and financial impediments to extradition for a misdemeanor offense.
- Warrants and checks issued by a government or governmental agency because of governmental immunity from suit.
- Checks which the holder has first given to a private collection agency for action before submission to this program.
- Checks issued by a debtor to:
 - A. A credit adjustment company he or she has retained, or
 - B. A collection agency retained by his or her creditors for transmission of funds to his or her creditors.
- Checks presented by a holder who has previously accepted payments from a check writer for checks which have been given to this program to process.
- Checks written more than six (6) months prior to submission to the program may be rejected because of insufficient time to process within the statute of limitations of one (1) year.
- Checks written by Native Americans on Reservation lands.



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Additional information

Once you have filed a bad check complaint with the Coconino County Bad Check Program, ***do not accept restitution for the check from anyone except the Bad Check Program.*** All monies for such checks must be collected by the Bad Check Program. If you accept funds from anyone other than the County Attorney's office you are undermining the effectiveness of the program and you may be liable for the statutory County Attorney fee. Also, you will not have the check in your possession to return to the check writer once you have been reimbursed. We cannot collect any charge you may assess for returned checks; however, full restitution will be paid to you when collection is successful.

Restitution monies

When a bad check writer makes a payment to the Bad Check Program, it is recorded and deposited into an account. Restitution checks will be issued to victims on a regular basis when collection has been successful. The stub of the check will contain the name of the bad check writer, the bad check number, the date and the amount of the check.

Information concerning case status

Persons requesting information and status on a case submitted to the Bad Check Program should wait at least 60 days before making an inquiry. The request should include the name, daytime phone number and victim ID number if applicable, along with the name of the bad check writer.

Checks that cannot be collected

If after all notices have been sent, additional detective work has been unable to yield results and criminal charges cannot be filed, the bad check will be returned to you. You can charge it as a loss for tax purposes or pursue civil remedies.

If criminal charges have been filed and we have been unable to serve a warrant in a reasonable length of time, the case may be dismissed and the check returned to you.

Civil judgments

If you have already obtained a civil judgment against a check writer, the check cannot be processed by this office. Do not send such checks to the Bad Check Program.

Fraud, forgery, and lost or stolen checks

All returned checks should first be turned over to the Coconino County Bad Check Program for investigation. If it is determined to be fraud or forgery, the Bad Check Program will release the case to the proper law enforcement agency. If this takes place, you will be notified.





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9.

Steps to follow when accepting checks

1

Be Cautious of new checking accounts

Of all the insufficient, “hot” checks, 90% are drawn on accounts less than a year old. The consecutive numbers in the upper right hand corner begin with 101 and you should be careful when taking low numbered checks. Because knowing the age of the account is so important, some banks now print a code of when the account was opened (for example, 0278 means February, 1978) on all checks.

2

Place all information on front of check

Each of the many steps in the clearing process is documented by stamps on the back of the check. ID information on this side could very easily be covered up and become useless for collection and prosecution purposes. Either write the information consecutively across the top of the front or use the cross method.

Driver's License Number

Credit Card Number

Clerk's Initials

Other ID or manager's Approval

3

Examine driver's license carefully

As you examine the driver's license, quickly ask yourself the following questions: Is the person in the photo and in front of you the same person? Are the addresses on the check and license the same? When does the license expire? More than 60% of the forged checks last year were cashed with an expired driver's license. Also, the courts have ruled that licenses are legally worthless for identification as soon as they expire. Be sure you examine the driver's license carefully.

4

Ask for local, not national, credit cards

The major credit card companies, such as American Express, Master Card, Visa and Diners Club, have policies against giving out any information about their customer's (which is exactly why you take credit cards in the place). They are also the ones forgers are most likely to have. Local stores are usually willing to give you helpful collection information and it is unlikely a forger will take the time to get local cards when clerks are usually more impressed with the “name” cards anyway.

5

Place your initials on all checks

If prosecution occurs, it will be necessary to establish that the person identifying the passer is the one who actually accepted the check. Put your initials, teller number, or other identification on all checks.

6

Be impressed with the check-not the person

Don't let the customer's appearance lull you into ignoring any of these steps. Frank Abagnale, The retired master forger, once cashed a \$50 check written on a cocktail napkin, before a hidden camera for television, because the bank teller was more impressed by his appearance than by the item he presented. When you're in a hurry, or want to make an exception, think how you will defend your decision if the check is returned. Then, only the check will matter - not the circumstances in which you







DAVID W. ROZEMA
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COCONINO COUNTY ARIZONA

OFFICE OF THE COUNTY ATTORNEY

BAD CHECK PROGRAM

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Submit a separate form for *each* check

Today's Date _____

1. ***VICTIM*** (Individual/Organization check was written to)

Name _____

Address _____

Mailing Address _____

City _____ State _____ Zip Code _____

Contact Person _____

Home Phone # _____ Work Phone # _____

2. ***CHECK WRITER*** (The person who actually signed the check)

Name _____

Address _____

Address _____

City _____ State _____ Zip Code _____

Home Phone # _____ Work Phone # _____

3. ***IDENTIFICATION TAKEN ON CHECK WRITER***

(Failure to obtain valid and correct identification may result in criminal charges being declined)

Arizona Driver's License # _____

Out-Of-State Driver's License # _____ State _____

Date of Birth _____ Social Security # _____

Employment, Family, Etc. _____ Other ID _____

4. ***INFORMATION ON CHECK***

Amount of check _____ Check # _____

Date check was written _____

Date check was received from the check writer _____

Address and city in which check was received _____

Was check received through the mail? ☐ Yes ☐ No

If yes, to what address _____

/ Attach original check here /

5. **ADDITIONAL INFORMATION**

A. Name of person who actually received the check from the check writer.

B. Can that person identify the person who passed the check? ☐Yes ☐No

If yes, how can that person identify the check writer (e.g. you know the person, you saw their driver's license)?

C. Have you received a partial payment toward the check? ☐Yes ☐No

D. Was the check post-dated? ☐Yes ☐No

E. Were you asked to hold the check for a period of time before depositing? ☐Yes ☐No

F. Did the check writer in any way, indicate to you or anyone else in your organization that there may not be enough money in the bank to cover the check? ☐Yes ☐No

If yes, please explain: _____

G. Have you attempted to contact the check writer? ☐Yes ☐No

If so, how: _____

What did the check writer say? _____

H. Have you been notified of any bankruptcy proceedings? ☐Yes ☐No

I. What did you give up in return for the check? _____

J. Do you know where to locate the check writer? If yes please indicate location _____

PLEASE PROVIDE OUR OFFICE WITH ANY ADDITIONAL INFORMATION YOU MAY HAVE REGARDING THE CHECK WRITER AND COURSE OF EVENTS IN ACCEPTING THE CHECK(S) TO AID IN SUCCESSFUL RECOVERY OF FUNDS IN YOUR CASE (if you need additional space please attach additional documentation):

NOTE: If you answered yes on any question C thru F, criminal charges may be declined. Please see page 7 of the guidebook for details.

AGREEMENT OF TERMS

IT IS UNDERSTOOD and agreed that the check here attached is being presented for criminal action to the County Attorney, and that the undersigned, its agents and employees will cooperate in the prosecution of the crime herein. We will not request that the complaint on this check be dismissed, nor accept payment on the check without the consent and approval of the County Attorney's office. Acceptance of payment, or a partial payment on this check, may result in paying a statutory fee to the Bad Check Program. The facts stated above are hereby certified as being true by the undersigned.

I AGREE to notify the County Attorney's office immediately, of any change in address, phone number, ownership, or of the person or persons handling bad check cases for this organization. Failure to notify the County Attorney's office of any change in address may result in any and all restitution collected being forfeited to the Bad Check Program.

Dated this _____ day of _____, 20_____

Signature _____